

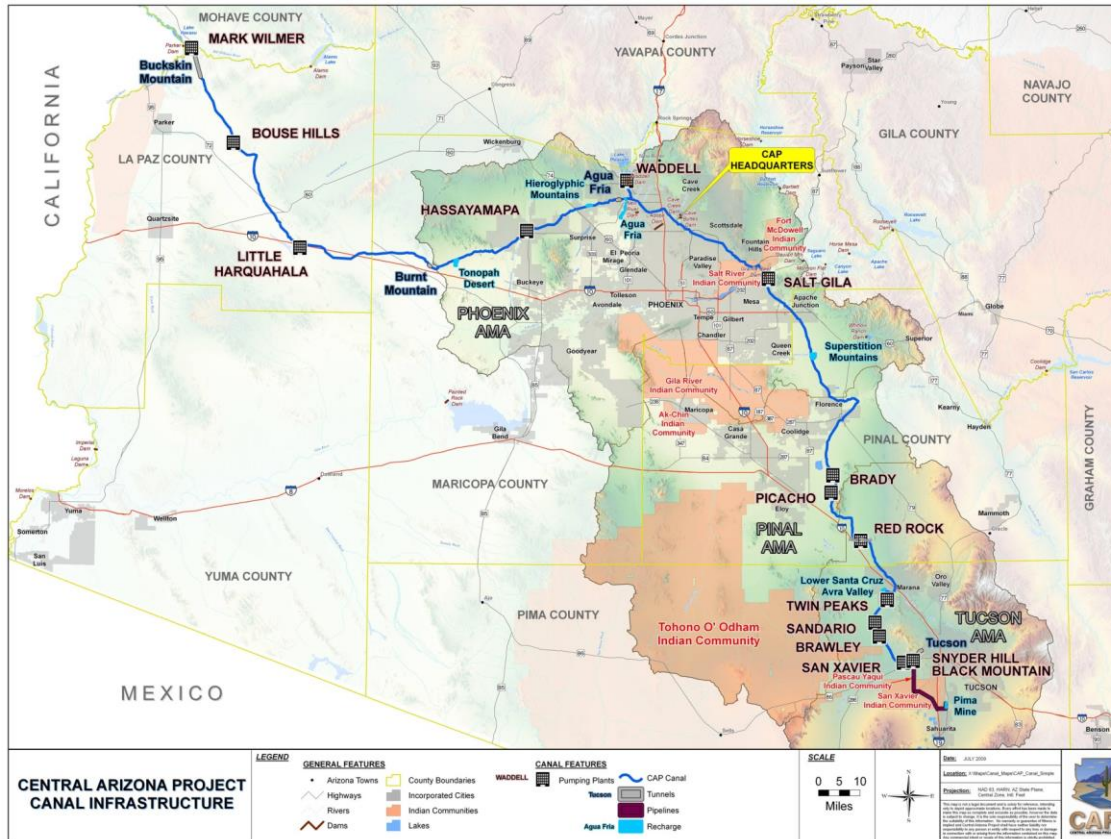
Update on AZ LBDCP Implementation Process

Chuck Cullom
February 27, 2019



YOUR WATER. YOUR FUTURE.

Central Arizona Project



336-mile aqueduct

14 pumping plants lift water nearly 3,000 feet

Delivers ~ 1.6 MAF/yr

Diverse customers: Tribes, Irrigation districts, Cities, Mines

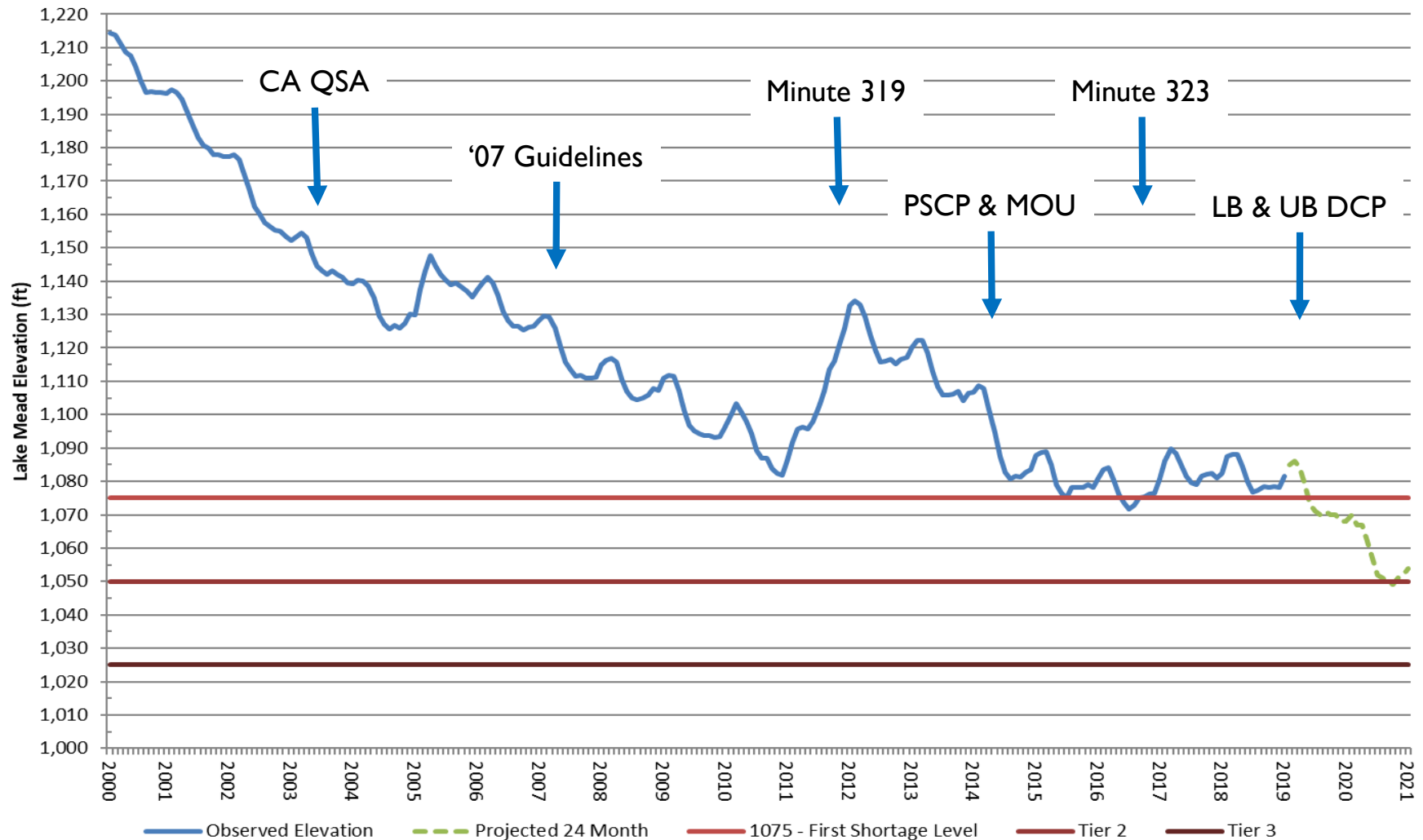
80% AZ pop. reside in CAP Service Area

50% of AZ's economy related to CAP deliveries

Junior Priority, vulnerable to shortages

Origins of DCP

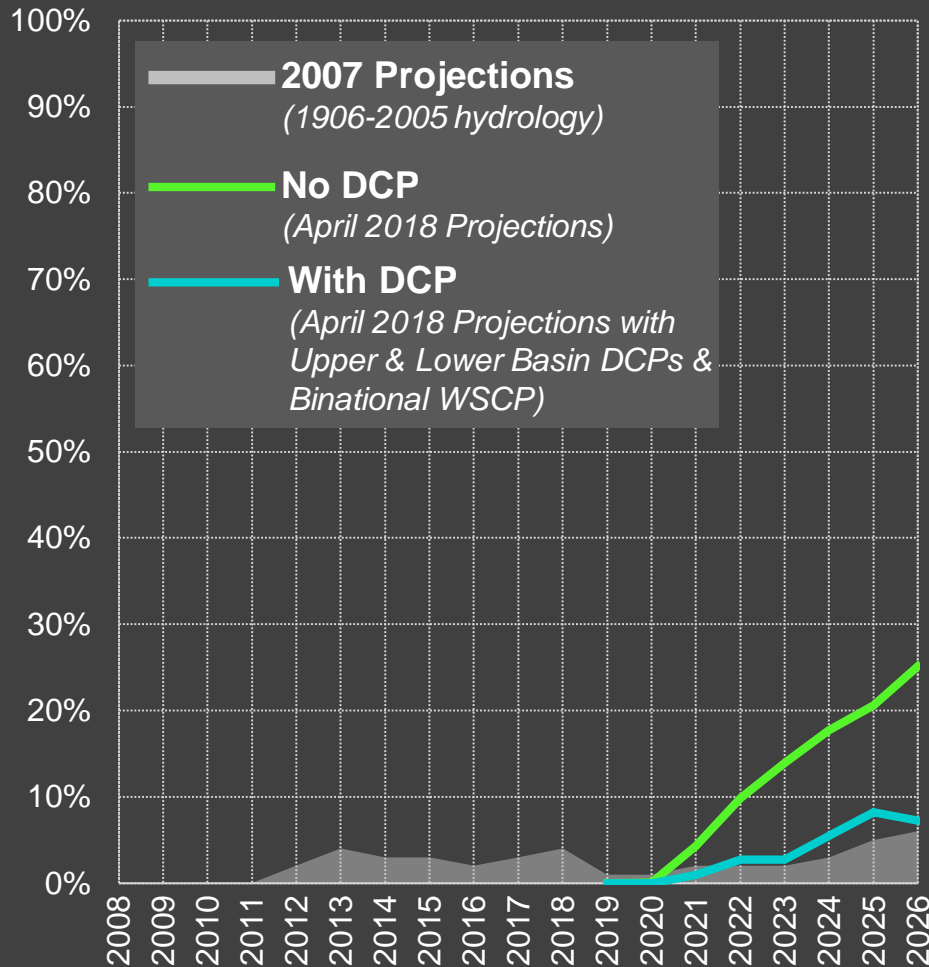
**Lake Mead Elevation
(EOM Jan 2000 - Jan '19 and Projected 24 Months)**



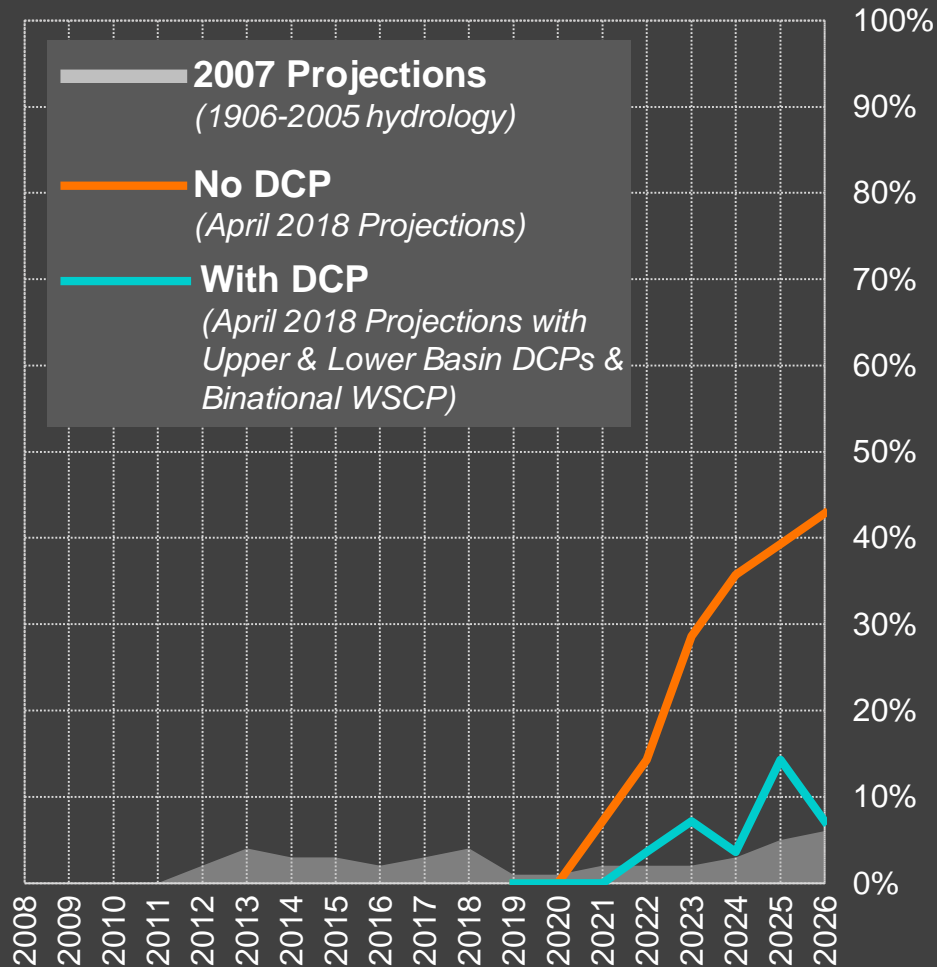
Risk of Lake Mead < 1,020'

5.7 maf 1,020'
22%

Full Hydrology (1906-2015)



Stress Test Hydrology (1988-2015)



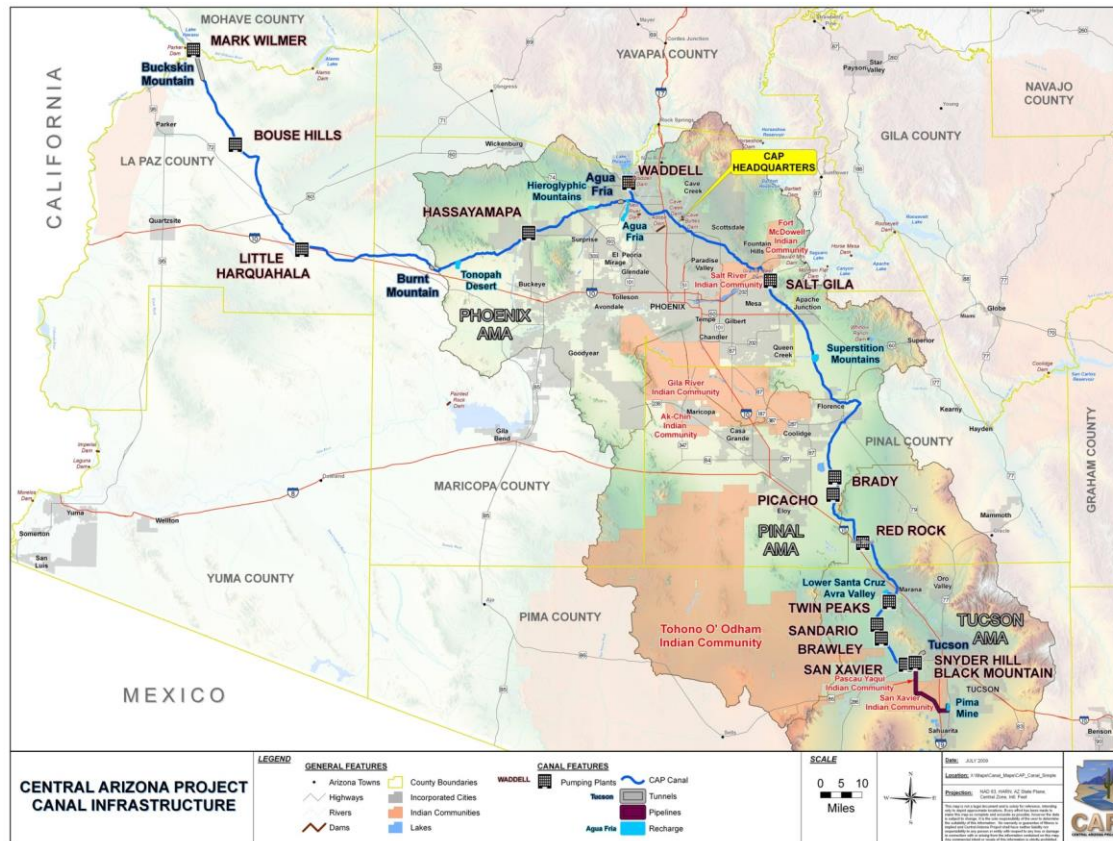
Arizona's DCP Process

- ADWR and CAWCD jointly convened an Arizona Steering Committee composed of over 40 representatives, including:
 - ADWR
 - CAWCD
 - Arizona Legislative Leaders
 - CAP municipal, industrial, and agricultural customers
 - CAP tribal customers
 - On-river municipal and agricultural users
 - On-river tribal users
 - BOR
- Process began on June 26th 2018, ending on February 19th 2019
 - 9 Steering Committee Meetings and
 - Multiple Work Group (3 WGs) and small group meetings,

2007 Interim Guidelines Shortage Reductions and Incremental DCP Contributions

Lake Mead Elevation	AZ 2007	AZ DCP	AZ TOTAL	NV 2007	NV DCP	NV TOTAL	CA 2007	CA DCP	CA TOTAL	BOR DCP	MX Min 323	MX BWSCP	MX Total	TOTAL
≤1090 >1075	0	192K	192K	0	8K	8K	0	0	0	100k	0	41k	41k	341k
≤1075 >1050	320K	192K	512K	13K	8K	21K	0	0	0	100k	50k	30k	80k	713k
≤1050 >1045	400K	192K	592K	17K	8K	25K	0	0	0	100k	70k	34k	104k	821k
≤1045 >1040	400K	240K	640K	17K	10K	27K	0	200K	200K	100k	70k	76k	146k	1,113k
≤1040 >1035	400K	240K	640K	17K	10K	27K	0	250K	250K	100k	70k	84k	154k	1,171k
≤1035 >1030	400K	240K	640K	17K	10K	27K	0	300K	300K	100k	70k	92k	162k	1,229k
≤1030 >1025	400K	240K	640K	17K	10K	27K	0	350K	350K	100k	70k	101k	171k	1,288k
≤1025	480K	240K	720K	20K	10K	30K	0	350K	350K	100k	125k	150k	275k	1,475k

AZ & CAP Priority Pools



On-River users P1 – P3, largely Ag Users in Yuma, and Tribes

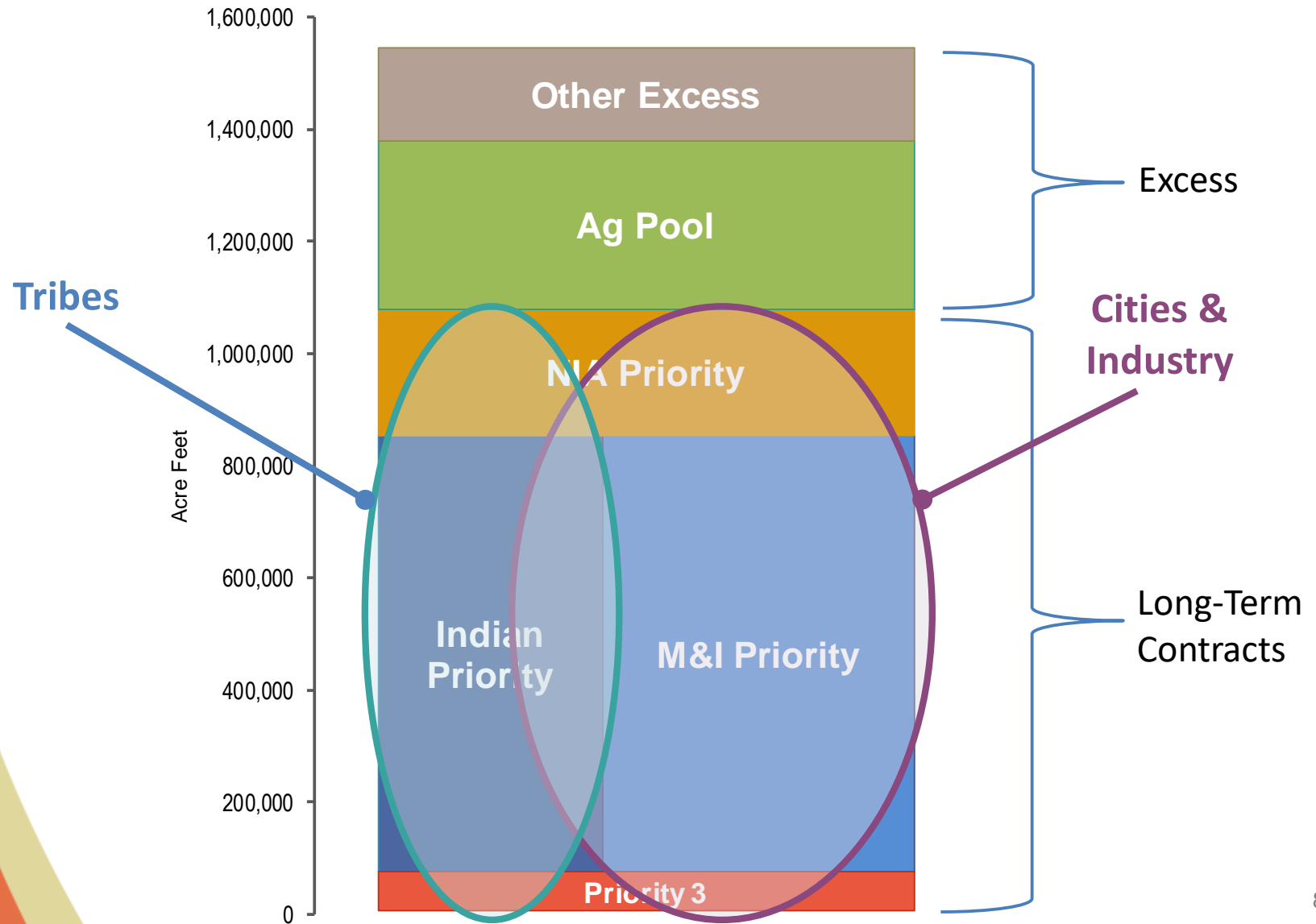
CAP P4 – junior to P1 – P3

On-River P4 – shares priority with CAP, located in Havasu, Parker, Mohave Co

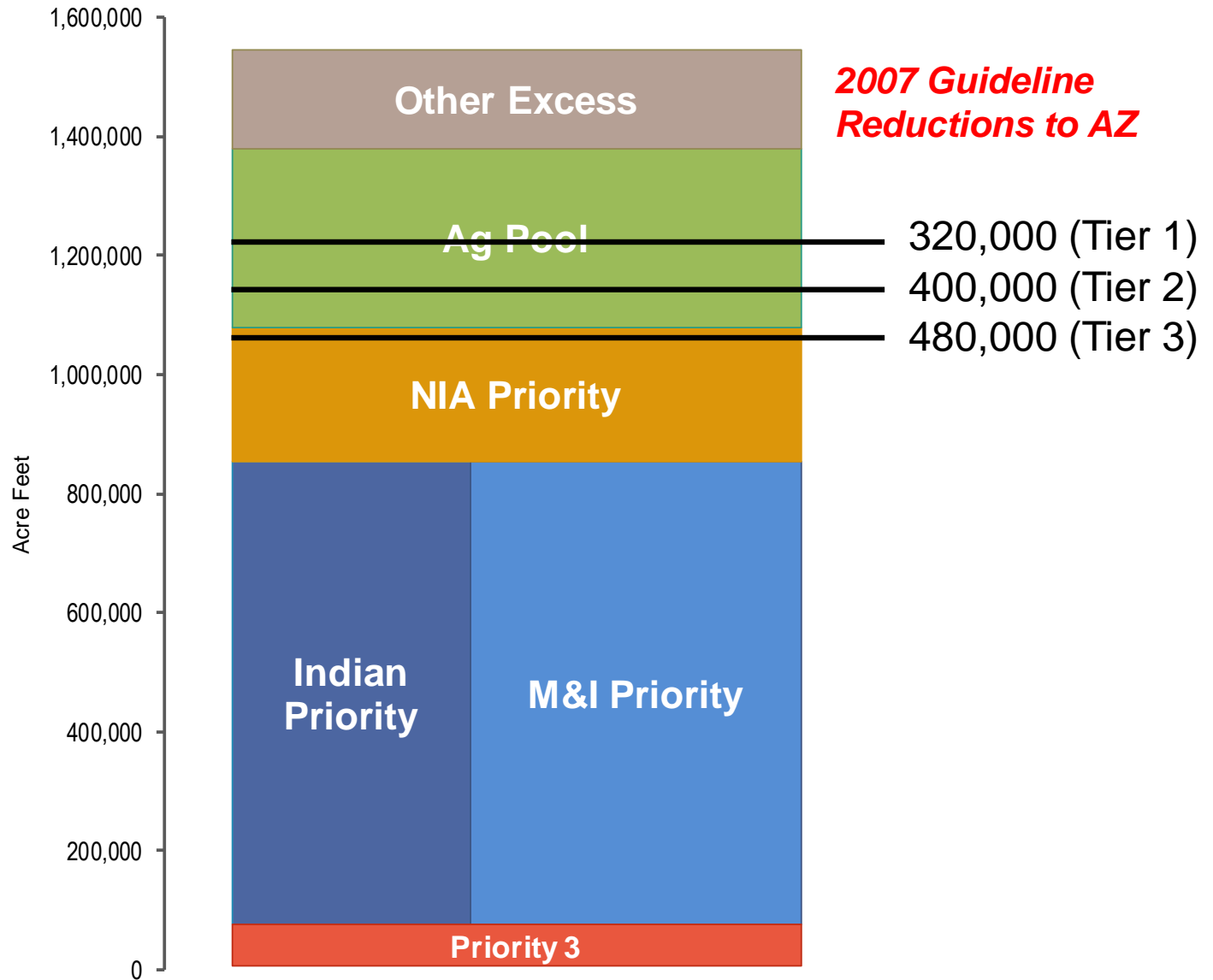
CAP absorbs more than 95% of reductions in Arizona

CAP Priorities: 1 = P3 in CAP, 2 = Tribal + M&I, 3 = NIA Pool, 4 = Ag Pool, Recharge/Replenishment

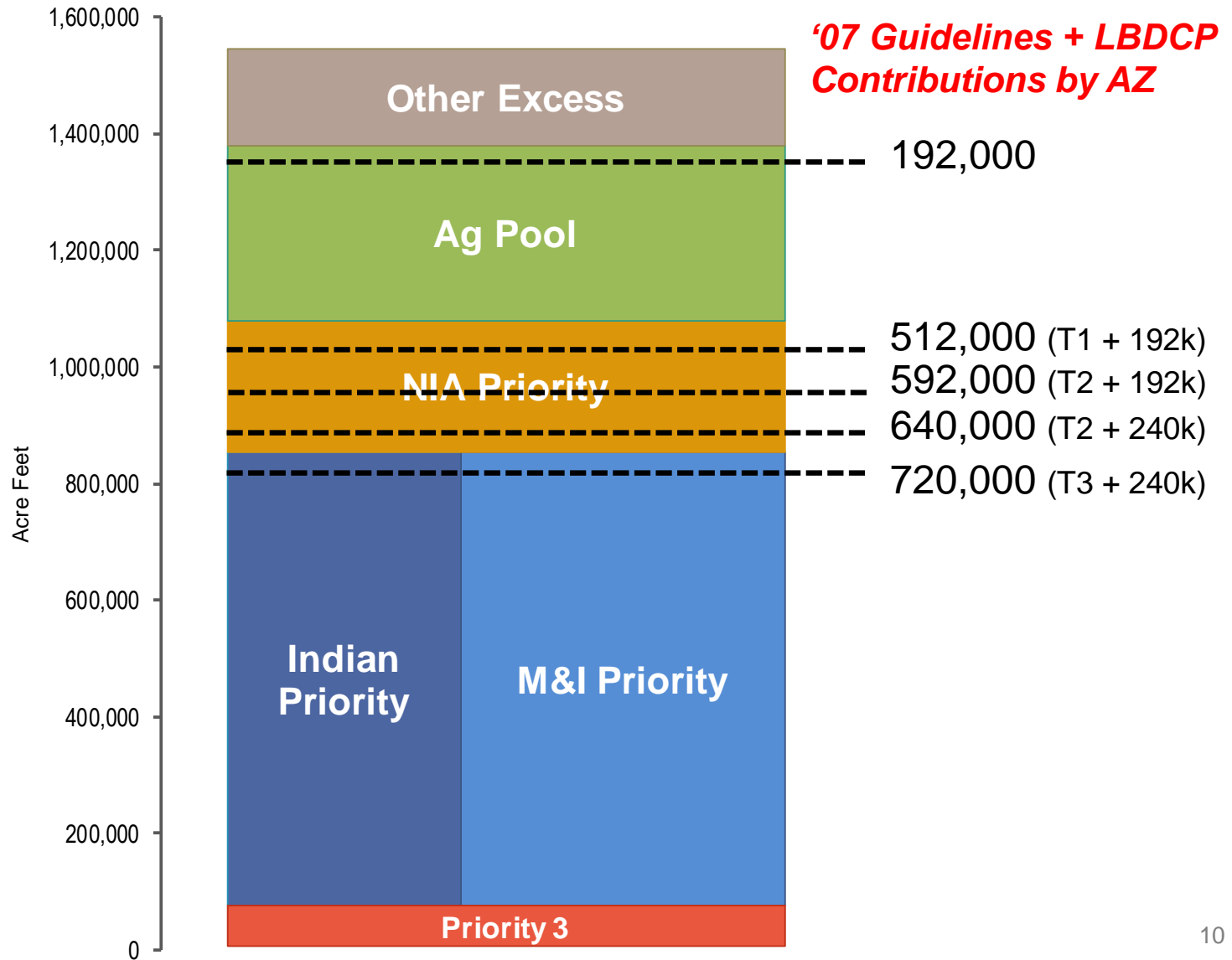
CAP Priority Pools *(current use, estimated available)*



CAP Priority Pools – '07 Guidelines



CAP Priority Pools – LBDCP



Steering Committee Mission

Discuss and recommend how to adopt and implement the LBDCP in a way that is acceptable to Arizona water users

Steering Committee Objectives

- Seek broad commitment and support for the implementation of LBDCP in Arizona
- Recommend appropriate and sustainable processes and tools to implement LBDCP in AZ
- ***Obtain approval by the Arizona Legislature of a joint resolution authorizing the Director of ADWR to agree to the LBDCP***

Proposed Sideboards

- Focus on the adoption and implementation of LBDCP in Arizona.
- ***Operate within and respect existing legal authorities, contracts and priorities.***
- ***Seek solutions that acknowledge that the impacts of a reduced supply differs among water users.***
- Please respect the Steering Committee process and each other.
- While CAP and ADWR are jointly leading the process, the input, ideas, questions, and dialogue from the delegates and public is vital and welcome.
- Agreement of appropriate documentation of proceedings

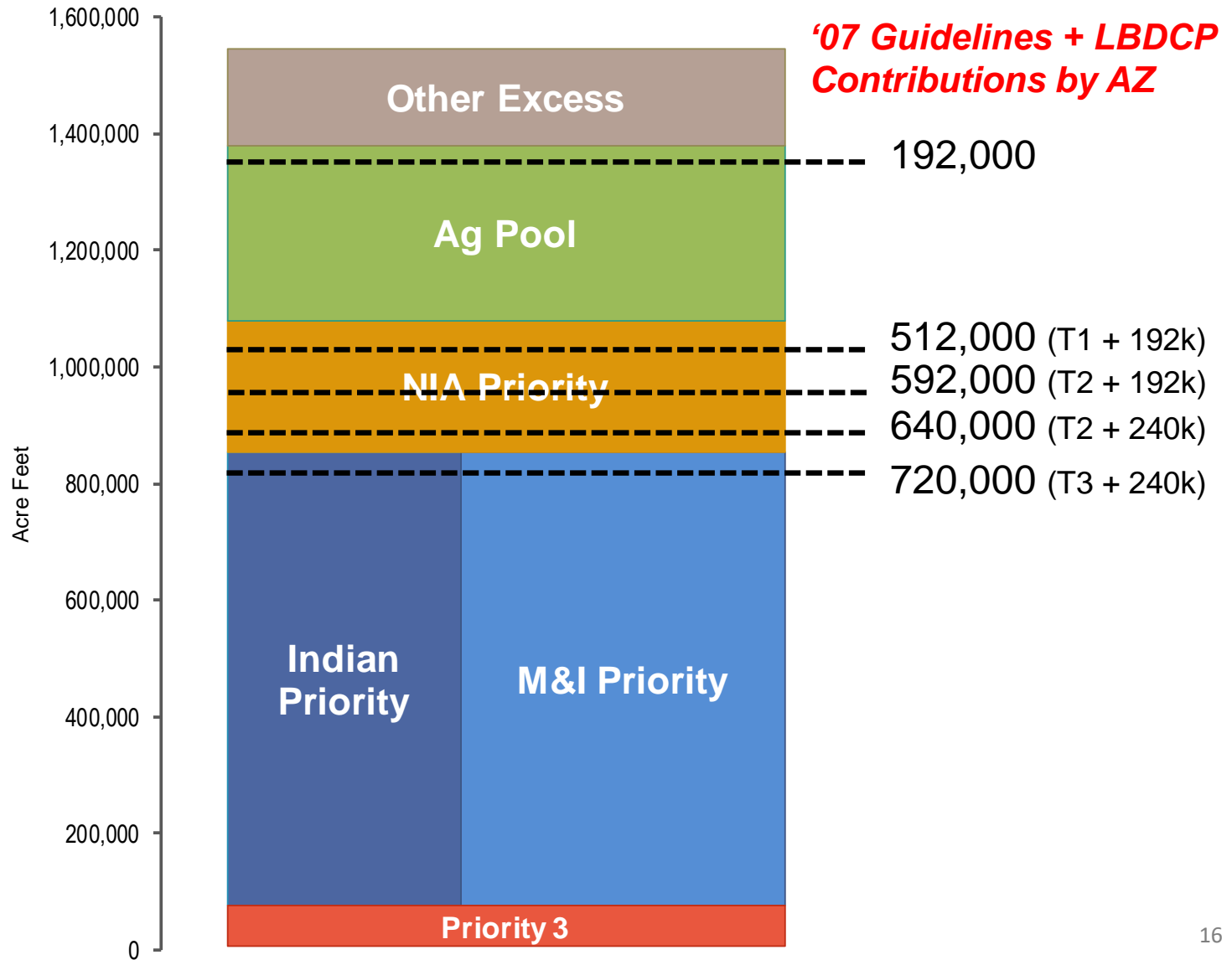
LBDGP Implementation Plan – 2 Components

- Mitigation Component
 - Wet water CAP deliveries for mitigation
 - Payment for reductions (compensated mitigation) when wet water mitigation is insufficient
 - Money for new groundwater infrastructure for CAP Ag
- Offset Component
 - System conservation and ICS creation to replace CAP ICS that is used for mitigation
 - Pre-firming concept to address NIA firming obligations from Indian water settlements

Mitigation Component- Key Terms

- 2020 – 2022
 - 100% mitigation for NIA Pool (annual determination of vol.)
 - Fixed volume for CAP AG, dependent on annual tier determination
- 2023 – 2025
 - No CAP Ag Mitigation (except USF to GSF and groundwater infrastructure)
 - M&I and Indian priority fully mitigated first
 - NIA volume based on actual orders/operating conditions
 - NIA 75% under T1 and T2a (until no supplies)
 - NIA 50% under T2b (until no supplies)
- 2026
 - Zero mitigation
- No mitigation for any water user in T3 or 2026, whichever occurs first

CAP Priority Pools – LBDCP



Offset Component– Key Terms

- Conserve 400 kaf to offset use of CAP ICS
- Offsets provided through:
 - 100 kaf US-GRIC ICS
 - Pre-firming for US Tribal firming obligation
 - 50 kaf AWBA-GRIC ICS
 - Pre-firming for Arizona's AWSA firming obligation
 - 150 kaf System Conservation
 - 50 kaf Additional Tribal ICS
 - 50 kaf - CAP-SRP Exchange payback

Participants (~24) in Funding & Water

- **CAWCD:** Funding and Water – 480 kaf & \$65M
- **SRP:** Water in exchange - 50 kaf
- **CAP M&I Users (9):** Water in USF-GSF – 100 kaf
- **GRIC:** Water for ICS – 200 kaf
- **CAP AG (7):** Investment in GW infrastructure & taxes - \$5M + \$8M
- **State of Arizona:** Funding System Con. & GW - \$39M
- **AWBA:** LTSC for USF-GSF, Firming - \$12M
- **US:** Funding GW Infrastructure, Firming – BOR \$24M, USDA tbd
- **NGOs:** Funding - \$8M
- **CRIT:** Water for System Conservation – 150 kaf

Intra-Arizona Implementation Status

#	Agreement Name	Status	Actions Taken to Date	Parties
1	Arizona Implementation	Draft concept		ADWR, CAWCD, others TBD
2	CAP Ag Mitigation	Draft terms		CAWCD, CAP Ag Distr.
3	CAP NIA Mitigation	Draft terms		CAWCD, CAP NIA customers
4	CAWCD – SRP Exchange	Draft Agreement	Approved by CAWCD Board 02/21/19	CAWCD, SRP
5	Arizona ICS Framework & New AZ Exhibits	Draft Agreement & draft Exhibits	CAWCD consideration 03/07/19	ADWR, BOR, CAWCD (Exhibits - interstate approval)
6	CRIT System Conservation	Draft concept		ADWR, BOR, CAWCD, CRIT, others
7 *	US – CAWCD LBDCP Obligations	Final form of Agreement	Approved by CAWCD Board on 1/31/19	US, CAWCD
8 **	CAWCD – ADWR Exchange of Letters	Final Letters	Executed by CAWCD and ADWR on 1/30/19	ADWR, CAWCD



Intra-Arizona Implementation Status

#	Agreement Name	Status	Actions Taken to Date	Parties
9	GSF – GSF Agreement	Concept		EPCOR, CAP Ag Distr.
10	USF – GSF Agreements	Draft agreements		Some M&I users, CAP AG Distr., AWBA
11	AWBA Recovery Agreements	Concept		AWBA, Recovery partners (TBD)
12	US – GRIC ICS for US Firming	Draft concept		US, GRIC
13	AWBA – GRIC “Pre-Firming”	Draft concept		AWBA, GRIC
14	Interstate ICS Borrowing Capacity	Concept (volumes determined)		ADWR, SNWA, MWD
15	Interstate Aggregate ICS Capacity	Concept (volumes determined)		ADWR, SNWA, CRCN, MWD
16 *	GRIC-CAGRD Water Supply Acquisition Agreements	Final Agreements	Executed by CAWCD, GRIC and GRWS on 1/31/19	GRIC, GRWS, and CAWCD and the United States

* Orange means fully executed by CAWCD, GRIC and GRWS, awaiting execution by the U.S.

Arizona's DCP Process Summary

- ADWR and CAWCD jointly convened an Arizona Steering Committee
- Steering Committee operated by consensus
- The implementation plan has 2 parts:
 - Mitigation
 - Reduce impacts for an interim period by providing additional supplies to reduce “pain”
 - Offset
 - Reduce risks by providing a “buffer” in Lake Mead
- The implementation plan has broad support
 - Arizona legislative actions (almost unanimous)
 - ~24 parties contributing/participating
 - Requires many intra-Arizona agreements (ongoing)

Arizona Came Together, & Got It Done





CAP

CENTRAL ARIZONA PROJECT

YOUR WATER. YOUR FUTURE.

**PROTECT
LAKE MEAD**

